

HOUSE BILL NO. 511

INTRODUCED BY D. GALLIK

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE TEMPORARY DISTRIBUTION OF \$3.085 MILLION FROM THE STATE PORTION OF OIL AND NATURAL GAS PRODUCTION TAXES TO THE SCHOOL FLEXIBILITY ACCOUNT; AMENDING SECTIONS 15-36-331 AND 20-9-544, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-36-331, MCA, is amended to read:

"15-36-331. Distribution of taxes. (1) (a) For each calendar quarter, the department shall determine the amount of tax, late payment interest, and penalties collected under this part.

(b) For the purposes of distribution of oil and natural gas production taxes to county and school district taxing units under 15-36-332 and to the state, the department shall determine the amount of oil and natural gas production taxes paid on production in the taxing unit.

(2) The amount of oil and natural gas production taxes collected for the privilege and license tax pursuant to 82-11-131 must be deposited, in accordance with the provisions of 15-1-501, in the state special revenue fund for the purpose of paying expenses of the board, as provided in 82-11-135.

(3) (a) For tax year ~~2003~~ 2004 and succeeding tax years, the amount of oil and natural gas production taxes determined under subsection (1)(b) ~~plus the phased-out amount distributed pursuant to 15-36-324(12)(b) as that section read on December 31, 2002~~, is allocated to each county according to the following schedule:

| | 2003 | 2004 | 2005 | 2006 and succeeding tax years |
|----------|--------------------|--------|--------|-------------------------------------|
| Big Horn | 45.03% | 45.04% | 45.04% | 45.05% |
| Blaine | 57.56% | 57.84% | 58.11% | 58.39% |
| Carbon | 50.24% | 49.59% | 48.93% | 48.27% |
| Chouteau | 56.67% | 57.16% | 57.65% | 58.14% |
| Custer | 403.63% | 92.27% | 80.9% | 69.53% |

| | | | | | |
|----|--------------------|--------------------|--------|--------|--------|
| 1 | Daniels | 48.31% | 49.15% | 49.98% | 50.81% |
| 2 | Dawson | 56.32% | 53.48% | 50.64% | 47.79% |
| 3 | Fallon | 39.89% | 40.52% | 41.15% | 41.78% |
| 4 | Fergus | 112.2% | 97.86% | 83.52% | 69.18% |
| 5 | Garfield | 54.51% | 51.66% | 48.81% | 45.96% |
| 6 | Glacier | 76.56% | 70.65% | 64.74% | 58.83% |
| 7 | Golden Valley | 55.5% | 56.45% | 57.41% | 58.37% |
| 8 | Hill | 66.97% | 66.15% | 65.33% | 64.51% |
| 9 | Liberty | 63.32% | 61.53% | 59.73% | 57.94% |
| 10 | McCone | 58.75% | 55.81% | 52.86% | 49.92% |
| 11 | Musselshell | 57.06% | 54.25% | 51.44% | 48.64% |
| 12 | Petroleum | 67.8% | 61.21% | 54.62% | 48.04% |
| 13 | Phillips | 53.3% | 53.54% | 53.78% | 54.02% |
| 14 | Pondera | 104.14% | 87.51% | 70.89% | 54.26% |
| 15 | Powder River | 64.7% | 63.44% | 62.17% | 60.9% |
| 16 | Prairie | 38.43% | 39.08% | 39.73% | 40.38% |
| 17 | Richland | 45.23% | 45.97% | 46.72% | 47.47% |
| 18 | Roosevelt | 46.75% | 46.4% | 46.06% | 45.71% |
| 19 | Rosebud | 37.41% | 38.05% | 38.69% | 39.33% |
| 20 | Sheridan | 46.64% | 47.09% | 47.54% | 47.99% |
| 21 | Stillwater | 56.05% | 55.2% | 54.35% | 53.51% |
| 22 | Sweet Grass | 58.23% | 59.24% | 60.24% | 61.24% |
| 23 | Teton | 53.01% | 50.71% | 48.4% | 46.1% |
| 24 | Toole | 56.2% | 56.67% | 57.14% | 57.61% |
| 25 | Valley | 59.82% | 57.02% | 54.22% | 51.43% |
| 26 | Wibaux | 47.71% | 48.19% | 48.68% | 49.16% |
| 27 | Yellowstone | 50.69% | 49.37% | 48.06% | 46.74% |
| 28 | All other counties | 50.15% | 50.15% | 50.15% | 50.15% |

29 (b) The oil and natural gas production taxes allocated to each county must be deposited in the state
30 special revenue fund and transferred to each county for distribution, as provided in 15-36-332.

(4) The department shall, in accordance with the provisions of 15-1-501, distribute the state portion of oil and natural gas production taxes remaining after the distributions pursuant to subsections (2) and (3) as follows:

~~(a) for the fiscal year ending June 30, 2003, to be distributed as follows:~~

~~—— (i) a total of \$400,000 to the coal bed methane protection account established in 76-15-904; and~~

~~—— (ii) all remaining proceeds to the state general fund;~~

~~—— (b) for the fiscal year beginning July 1, 2003 2004, through the fiscal year ending June 30, 2011, to be distributed as follows:~~

(i) 1.23% to the coal bed methane protection account established in 76-15-904;

(ii) 2.95% to the reclamation and development grants special revenue account established in 90-2-1104;

(iii) 2.95% to the orphan share account established in 75-10-743;

(iv) 2.65% to the state special revenue fund to be appropriated to the Montana university system for the purposes of the state tax levy as provided in 20-25-423; and

(v) (A) all remaining proceeds, except as provided in subsection (4)(a)(v)(B), to the state general fund;

(B) \$3.085 million to the school flexibility account created in 20-9-542 for distribution in the ensuing fiscal year;

~~(e)(b)~~ for fiscal years beginning after June 30, 2011, to be distributed as follows:

(i) 4.18% to the reclamation and development grants special revenue account established in 90-2-1104;

(ii) 2.95% to the orphan share account established in 75-10-743;

(iii) 2.65% to the state special revenue fund to be appropriated to the Montana university system for the purposes of the state tax levy as provided in 20-25-423; and

(iv) all remaining proceeds to the state general fund."

Section 2. Section 20-9-544, MCA, is amended to read:

"20-9-544. District school flexibility fund levy. (1) In addition to the money allocated in 20-9-542 for a district's school flexibility fund, the trustees of a school district may submit a proposition to the qualified electors of the district to approve a levy for the ensuing school year in an amount not to exceed 25% of the district's current year allocation in 20-9-542 to fund the school flexibility fund authorized under 20-9-543. An election called pursuant to this section must be called and conducted in the manner prescribed by this title for school elections. The ballot for a proposition must provide "FOR" and "AGAINST" provisions, stating whether the district

1 is authorized to impose a levy of (state the dollars) dollars and (state the approximate number of mills) mills to
2 fund the school flexibility fund in the school district. The school flexibility fund proposition is approved if a majority
3 of those electors voting at the election approve the levy.

4 (2) Money collected from the levy must be deposited in the district's school flexibility fund and spent in
5 accordance with 20-9-543."

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7 NEW SECTION. **Section 3. Effective date.** [This act] is effective July 1, 2005.

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